

FISCAL NOTE

SB 2349 - HB 3170

February 16, 2004

SUMMARY OF BILL: Reduces the state sales tax on food from 6% to 3%, effective January 1, 2005.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenues - \$108,250,000 FY05 Six Months
\$219,770,000 FY06 Recurring**

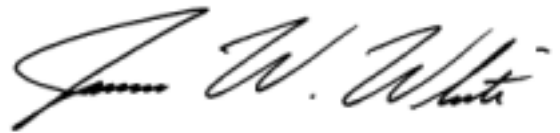
Increase State Expenditures - \$64,000 One-Time

Estimate assumes:

- A base amount of food tax revenue of \$410,736,000 in FY 03.
- The 2.3% average CPI for food over the last 10 years holds constant.
- Population growth of 1.092% in FY04 and FY05 and 0.669% in FY06.
- An elasticity for food sales in Tennessee of .46 (source: UT Center for Business and Economic Research).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director

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